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DEPARTMENT OF COMMERCE

International Trade Administration

A-570-900

Diamond Sawblades and Parts Thereof from the People's Republic of China: Preliminary Affirmative Determination of Circumvention

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that Diamond Tools Technology (Thailand) Co., Ltd. (Diamond Tools) is circumventing the antidumping duty order on diamond sawblades and parts thereof (diamond sawblades) from the People's Republic of China (China).

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Yang Jin Chun, AD/CVD Operations Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5760.

SUPPLEMENTAL INFORMATION:

Background

On December 7, 2017, in response to a request from Diamond Sawblades Manufacturers' Coalition (the petitioner), Commerce published the initiation of the anti-circumvention inquiry to determine whether certain imports of diamond sawblades comprised of cores and segments produced in China and joined into diamond sawblades in, and exported from, Thailand by

Diamond Tools are circumventing the antidumping duty order on diamond sawblades from China.¹

Scope of the Order

The merchandise subject to the order is diamond sawblades. The diamond sawblades subject to the order are currently classifiable under subheadings 8202 to 8206 of the Harmonized Tariff Schedule of the United States (HTSUS), and may also enter under subheading 6804.21.00. The HTSUS subheadings are provided for convenience and customs purposes. A full description of the scope of the order is contained in the Preliminary Decision Memorandum.² The written description is dispositive.

Scope of the Anti-Circumvention Inquiry

We initiated this anti-circumvention inquiry to cover diamond sawblades produced in Thailand by Diamond Tools with cores and segments produced in China and subsequently exported from Thailand to the United States.³ During the conduct of this anti-circumvention inquiry, Diamond Tools reported that, in addition to diamond sawblades produced in Thailand with cores and segments produced in China, it also produced diamond sawblades with either Chinese cores and Thai segments or Thai cores and Chinese segments.⁴ Based on the additional information we received from Diamond Tools, and as further discussed in the Preliminary

¹ See *Diamond Sawblades and Parts Thereof from the People's Republic of China: Initiation of Anti-Circumvention Inquiry*, 82 FR 57709 (December 7, 2017) (*Initiation Notice*).

² See the Memorandum, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Decision Memorandum for Preliminary Affirmative Determination of Circumvention," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum) at 2-3.

³ See *Initiation Notice*, 82 FR at 57710 ("This anti-circumvention inquiry covers diamond sawblades exported from Thailand to the United States that are produced by Diamond Tools from cores and segments of {China} origin.").

⁴ See, e.g., Diamond Tools' original response dated January 18, 2018, at 4.

Analysis Memorandum,⁵ we are also examining whether diamond sawblades produced in Thailand by Diamond Tools with either cores or segments produced in China are circumventing the order.

Methodology

Commerce is conducting this anti-circumvention inquiry in accordance with section 781(b) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.225(h). Because China is a non-market economy country within the meaning of section 771(18) of the Act, Commerce relied on surrogate values to value the purchases of Chinese cores and Chinese segments, as discussed in section 773(c) of the Act. For a full description of the methodology underlying our conclusions, *see* the Preliminary Decision Memorandum. The Preliminary Decision Memorandum is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov> and to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>.

Preliminary Determination

As detailed in the Preliminary Decision Memorandum, Commerce preliminarily determines that diamond sawblades produced by Diamond Tools in Thailand using cores and/or segments from China and exported from Thailand to the United States are circumventing the antidumping duty order on diamond sawblades from China. We therefore preliminarily determine that it is appropriate to include this merchandise within the antidumping duty order on

⁵ *See* the Memorandum, "Diamond Sawblades and Parts Thereof from the People's Republic of China: Preliminary Analysis Memorandum for Diamond Tools Technology (Thailand) Co., Ltd." dated concurrently with this memorandum (Preliminary Analysis Memorandum) for more information containing Diamond Tools' business proprietary information.

diamond sawblades from China and to instruct U.S. Customs and Border Protection (CBP) to suspend entries of merchandise produced using Chinese cores and/or Chinese segments by Diamond Tools in Thailand and exported to the United States.

Suspension of Liquidation

As stated above, Commerce has made a preliminary affirmative finding of circumvention of the antidumping duty order on diamond sawblades from China for diamond sawblades assembled or completed using Chinese cores and/or Chinese segments as inputs by Diamond Tools in Thailand and exported to the United States. This preliminary circumvention finding applies to diamond sawblades assembled or completed using Chinese cores and/or Chinese segments as inputs by Diamond Tools in Thailand. In accordance with section 19 CFR 351.225(l)(2), Commerce will direct CBP to suspend liquidation and to require a cash deposit of estimated duties on unliquidated entries of diamond sawblades produced (*i.e.*, assembled or completed) using Chinese cores and/or Chinese segments by Diamond Tools in Thailand that were entered, or withdrawn from warehouse, for consumption on or after December 1, 2017, the date of initiation of this anti-circumvention inquiry. The suspension of liquidation instructions will remain in effect until further notice. For the reasons stated in the Preliminary Analysis Memorandum, which contains Diamond Tools' business proprietary information,⁶ Commerce will instruct CBP to require antidumping duty cash deposits equal to the rate established for the China-wide entity, *i.e.*, 82.05 percent,⁷ for entries of such merchandise produced by Diamond Tools.

⁶ See Preliminary Analysis Memorandum at 4 for Diamond Tools' accounting and production system in its normal course of business.

⁷ See, *e.g.*, *Diamond Sawblades and Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2015-2016*, 83 FR 17527, 17528 (April 20, 2018).

Diamond sawblades assembled or completed in Thailand using both non-Chinese origin cores and non-Chinese origin segments are not subject to this anti-circumvention inquiry.

However, for the reasons stated in the Preliminary Analysis Memorandum, Commerce finds that Diamond Tools is not currently able to identify diamond sawblades produced with non-Chinese origin cores and non-Chinese origin segments.⁸ Therefore, Commerce will not implement a certification process at this preliminary stage, and we will require cash deposits on all entries of diamond sawblades produced by Diamond Tools in Thailand. We invite parties to comment on this issue in their case briefs.

Public Comment

Commerce intends to disclose the analysis used in these preliminary findings within five days of publication of this notice. Interested parties are invited to comment on the preliminary determination of this anti-circumvention inquiry. Pursuant to 19 CFR 351.309(b)(2), interested parties may submit case briefs not later than 30 days after the date of publication of this notice. Rebuttal briefs, limited to issues raised in the case briefs, may not be filed later than five days after the time limit for filing case briefs.⁹ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case or rebuttal briefs in this anti-circumvention inquiry are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Any interested party who wishes to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Enforcement and Compliance within 30 days after the day of publication of this notice pursuant to 19 CFR 351.310(c). A request

⁸ See Preliminary Analysis Memorandum at 4 for Diamond Tools' accounting and production system in its normal course of business. Some, but not all, of the reasons stated contain business proprietary information.

⁹ See 19 CFR 351.309(d)(1)-(2).

should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) whether any participant is a foreign national; and (4) a list of issues to be discussed. If a request for a hearing is made, then Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date. Issues raised in the hearing will be limited to those raised in case and rebuttal briefs.

International Trade Commission Notification

Consistent with section 781(e) of the Act, Commerce will notify the International Trade Commission (ITC) of this preliminary determination to include the merchandise subject to this anti-circumvention inquiry within the antidumping duty order on diamond sawblades from China. Pursuant to section 781(e) of the Act, the ITC may request consultations concerning Commerce's proposed inclusion of the subject merchandise. If, after consultations, the ITC believes that a significant injury issue is presented by the proposed inclusion, it will have 60 days from the date of notification by Commerce to provide written advice.

Final Determination

According to section 781(f) of the Act, Commerce shall, to the maximum extent practicable, make its anti-circumvention determination within 300 days from the date of the initiation of the inquiry.¹⁰ Due to the complicated nature of this anti-circumvention inquiry, we previously extended the deadline for the final determination of this anti-circumvention inquiry by

¹⁰ See also 19 CFR 351.225(f)(iii)(5) (explaining that Commerce will issue a final anticircumvention ruling "normally within 300 days from the date of the initiation of the . . . inquiry").

150 days. Therefore, Commerce intends to issue the final determination in this anti-circumvention inquiry by February 27, 2019.¹¹

This preliminary affirmative circumvention determination is published in accordance with section 781(b) of the Act and 19 CFR 351.225(f).

Dated: November 8, 2018

Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

¹¹ See the Memorandum, “Diamond Sawblades and Parts Thereof from the People’s Republic of China: Extension of Deadline for Final Determination of Anti-Circumvention Inquiry,” dated September 27, 2018.

Appendix

List of Topics Discussed in the Preliminary Decision Memorandum

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